



3530843

Rosneft International Limited

Directors' report and financial statements for the year ended
31 December 2007

ROSNEFT INTERNATIONAL LIMITED

DIRECTORS' REPORT

for the year ended 31 December 2007 (Continued)

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF
THE FINANCIAL STATEMENTS**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable Irish law and Generally Accepted Accounting Practice in Ireland including the accounting standards issued by Accounting Standards Board and promulgated by the Institute of Chartered Accountants in Ireland.

Company Law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping proper books of account that disclose with responsible accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Acts, 1963 to 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

Moore Stephens & Co, Chartered Accountants, resigned as auditors during the year. Ernst & Young, Chartered Accountants, were appointed as auditors and have expressed their willingness to continue in office in accordance with Section 160(2) of the Companies Act, 1963.

On behalf of the Directors

Directors



11 February 2009



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ROSNEFT INTERNATIONAL LIMITED

We have audited the financial statements of Rosneft International Limited for the year ended 31 December 2007 which comprise the Profit and Loss Account, Balance Sheet and the related notes 1 to 15. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 193 of the Companies Act, 1990. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for the preparation of the financial statements in accordance with applicable Irish law and Accounting Standards issued by the Accounting Standards Board and promulgated by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland) as set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Acts, 1963 to 2006. We also report to you our opinion as to: whether proper books of account have been kept by the Company; whether, at the balance sheet date, there exists a financial situation which may require the convening of an extraordinary general meeting of the Company; and whether the information given in the Directors' Report is consistent with the financial statements. In addition, we state whether we have obtained all the information and explanations necessary for the purposes of our audit and whether the financial statements are in agreement with the books of account.

We also report to you if, in our opinion, any information specified by law regarding directors' remuneration and other transactions is not disclosed and, where practicable, include such information in our report.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

Continued/...



**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ROSNEFT
INTERNATIONAL LIMITED (Continued)**

Basis of audit opinion (Continued)

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Adverse opinion

As more fully explained in note 1(b), consolidated financial statements have not been prepared incorporating the Company's subsidiaries. This is not in accordance with Regulation 5 of the European Communities (Companies: Group Accounts) Regulations, 1992 and FRS 2 Accounting for Subsidiary Undertakings, which require the preparation of consolidated financial statements where a company has subsidiary undertakings and cannot avail of an exemption from preparing consolidated financial statements. As the Company is an EU parent undertaking, it is required to prepare consolidated financial statements incorporating its subsidiary undertakings.

In view of the effect of the failure to consolidate the Company's subsidiaries, in our opinion the financial statements do not give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, of the state of affairs of the Company and its subsidiaries as a group as at 31 December 2007 and of its results for the year then ended. The financial statements give a true and fair view of the state of affairs of the Company as a single entity as at 31 December 2007 and of the profit for the year then ended.

Except for the failure to prepare group financial statements, in our opinion the financial statements have been properly prepared in accordance with the Companies Acts, 1963 to 2006.

We have obtained all the information and explanations we consider necessary for the purposes of our audit. In our opinion proper books of account have been kept by the Company. The financial statements are in agreement with the books of account.

In our opinion the information given in the Directors' Report is consistent with the financial statements.

In our opinion, the balance sheet does not disclose a financial situation which under Section 40(1) of the Companies (Amendment) Act, 1983 would require the convening of an extraordinary general meeting of the Company.

A handwritten signature in cursive script that reads 'Ernst & Young'.

Ernst & Young
Chartered Accountants and Registered Auditors

Dublin

13 February 2009

ROSNEFT INTERNATIONAL LIMITED

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2007

	<i>Notes</i>	<i>2007</i> <i>US\$000</i>	<i>2006</i> <i>US\$000</i>
Other income		589	423
Operating expenses		(1,470)	(2,818)
Operating loss – continuing operations		(881)	(2,395)
Interest receivable and similar income	5	20,113	3,245
Interest payable and similar charges		(3)	(2)
Profit on ordinary activities before taxation	3	19,229	848
Tax on profit on ordinary activities	12	(5,236)	(363)
Profit for the financial year		13,993	485

There are no recognised gains or losses in either period other than those included in the profit and loss account.

Approved by the Board on 11 February 2009

Directors



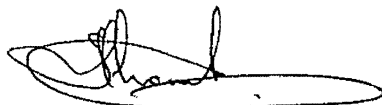

ROSNEFT INTERNATIONAL LIMITED

BALANCE SHEET
at 31 December 2007

	Notes	2007 US\$000	2006 US\$000
FIXED ASSETS			
Investments	6	205,737	129
CURRENT ASSETS			
Investments (falling due within one year)	6	-	120,038
Debtors	7	337,149	161,184
Cash at bank and in hand		19,635	60,781
		356,784	342,003
CREDITORS (amounts falling due within one year)			
Other creditors	8	6,054	440
Intercompany loans	9	293,266	159,600
		299,320	160,040
NET CURRENT ASSETS		57,464	181,963
TOTAL ASSETS LESS CURRENT LIABILITIES		263,201	182,092
CREDITORS (amounts falling due after one year)			
Intercompany loans	9	249,527	182,411
NET ASSET (LIABILITIES)		13,674	(319)
CAPITAL AND RESERVES			
Called up share capital	10	15	15
Profit and loss account	11	13,659	(334)
Shareholders' funds (deficit)		13,674	(319)

Approved by the Board on 11 February 2009

Directors




ROSNEFT INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
31 December 2007 (Continued)

6. INVESTMENTS

	2007 US\$000	2006 US\$000
Unlisted subsidiary undertakings (a)	97,083	81
Unlisted joint ventures (b)	108,654	48
	<u>205,737</u>	<u>129</u>
Other investments (c)	-	120,038
	<u>205,737</u>	<u>120,167</u>
(a) Subsidiary undertakings		
	2007 US\$000	2006 US\$000
Cost at the beginning of the year	81	81
Additions for the year	97,002	-
	<u>97,083</u>	<u>81</u>

In the opinion of the directors, investments in subsidiary undertakings are worth at least the amount at which it is stated in the balance sheet.

Name of company	Activity	Country of incorporation/ registration	Holding 2007	Holding 2006
Shelf Support Shiphold Limited	Owner of aircraft	Cyprus	100%	100%
Skyline Asset Management Limited	Operation of aircraft	BVI	100%	100%
Rosneft Shipping Limited	Construction	Cyprus	100%	100%
Rosneft Investments Limited	Holding company	Jersey	100%	100%
Trumpet Limited	Oil and oil products trading	Ireland	100%	100%
RN Vankor BV	Holding company	Netherlands	100%	100%
Rubio Holdings Limited	Construction	Cyprus	100%	100%
Rosneft Holdings Limited S.A.	Dormant	Luxembourg	100%	100%
OJSC SP Antares	Oil products trading	Russia	100%	-
Oxoil Limited	Oil products trading	Cyprus	100%	-

Shelf Support Shiphold Limited is a wholly owned subsidiary registered in Cyprus and was incorporated on 12 November 1997. The company acts as an intermediary between Skyline Asset Management Limited ('Skyline') and parent company OJSC Rosneft Oil Company.

ROSNEFT INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
31 December 2007 (Continued)

6. INVESTMENTS (Continued)

(b) Joint ventures (Continued)

JSC Vlakra - the Company acquired 50% of the ordinary shares in JSC Vlakra for US\$108 million on 28 June 2007. The principal activity is the lease out of real estate in Moscow.

Venin Holding Limited - Rosneft and Sinopec signed a Shareholder and Operating Agreement related to their joint work in exploring and developing the Veninsky block of fields on the shelf of Sakhalin Island (Sakhalin-3 project). The Company and Sinopec Overseas Oil and Gas Limited own Venin Holding Limited. Venin Holding Limited in turn is the sole shareholder of Venineft LLC, the license holder and operator of the Sakhalin-3 project. Rosneft International Limited has a 74.9% stake, with the remaining 25.1% owned by Sinopec. Venin Holding Limited is a joint venture under the joint control of Rosneft International Limited and Sinopec.

PetroChina-Rosneft Orient Petrochemical Company - In November 2006, Rosneft International Limited and JSC PetroChina agreed to create a joint venture in China. The principal activity of this joint venture is the purchase and sale of crude oil, whole and retail sale of oil products and production of petrochemicals. The Company invested US\$198,000. Both parties plan to build an oil refinery and to build and exploit a chain of petroleum stations.

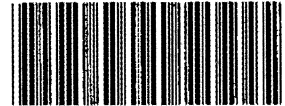
(c) Other investments

	2007 US\$000	2006 US\$000
Unlisted debt securities	-	120,038

7. DEBTORS (amounts falling due within one year)

	2007 US\$000	2006 US\$000
Due from subsidiary undertakings	152,686	114,536
Due from related parties	184,255	46,648
Other debtors	208	-
	<u>337,149</u>	<u>161,184</u>

MOORE STEPHENS



3046721

ROSNEFT INTERNATIONAL LIMITED

**CONSOLIDATED FINANCIAL STATEMENTS
AND AUDITORS' REPORT**

31 DECEMBER 2006



Rosneft International Limited

Report of the Directors (Continued)

Accounting records

The directors are responsible for ensuring that proper books and accounting records are kept by the Company as required by Section 202 Companies Act, 1990.

The directors believe that they have complied with this requirement by providing adequate resources to maintain proper books and accounting records including the appointment of personnel with appropriate experience and expertise.

The books of account of the Company are available at Caplin Meehan House, Blackhall Green, Blackhall Place, Dublin 7, Ireland.

Auditors

The auditors, Moore Stephens & Co, have indicated their willingness to continue in office in accordance with Section 160(2), Companies Act 1963.

By Order of the Board



Rosneft International Limited**Statement of Directors' Responsibilities**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable Irish law and Generally Accepted Practice in Ireland including the accounting standards issued by the Accounting Standards Board and published by the Institute of Chartered Accountants in Ireland.

Irish Company Law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements are prepared in accordance with accounting standards generally accepted in Ireland and with Irish statute comprising the Companies Acts 1963 to 2006 and the European Communities (Companies Group Accounts) Regulations, 1992. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

for and on behalf of the Board of Directors



**Report of the Auditors to the Members of
Rosneft International Limited**

We have audited the group and parent company financial statements (the "financial statements") of Rosneft International Limited for the year ended 31 December 2006 which comprise the Group Profit and Loss Account, the Group Balance Sheet, The Company Balance Sheet, The Group Cash Flow Statement and the related notes on pages 10 to 30 which have been prepared under the historical cost convention and the accounting policies set out on pages 10 and 11.

Respective Responsibilities of Directors and Auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and Irish Accounting Standards issued by the Accounting Standards Board and promulgated by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

This report is made solely to the Company's members as a body, in accordance with Section 193, Companies Act 1990. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

We report to you our opinion as to whether the financial statements give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, and are properly prepared in accordance with the Companies Acts 1963 to 2006 and the European Communities (Companies: Group Accounts) Regulations, 1992. We also report to you whether in our opinion: proper books of account have been kept by the Company; whether, at the balance sheet date, there existed a financial situation requiring the convening of an extraordinary general meeting of the company; and whether the information given in the Directors' Report is consistent with the financial statements. In addition, we state whether we have obtained all the information and explanations necessary for the purposes of our audit and whether the Company's balance sheet is in agreement with the books of account.

We report to the shareholders if, in our opinion, any information specified by law regarding directors' remuneration and directors' transactions is not given and, where practicable, include such information in our report.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatement within it.

Basis of Audit Opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Report of the Auditors to the Members of
Rosneft International Limited**

Opinion

In our opinion, the financial statements give a true and fair view in accordance with Generally Accepted Accounting Practice in Ireland, of the state of the Group's and the Company's affairs at 31 December 2006 and of the Group's result for the year then ended and have been properly prepared in accordance with the requirements of the Companies Acts, 1963 to 2005 and the European Communities (Companies: Group Accounts) Regulations, 1992.

We have obtained all the information and explanations that we considered necessary for the purpose of our audit.

In our opinion, proper books of account have been kept by the Company. The company's financial statements are in agreement with the books of account.

In our opinion, the information given in the Report of the Directors on pages 1 to 2 is consistent with the financial statements.

As shown in the balance sheet on page 6, the net assets of the company are less than half the amount of its called up share capital and in our opinion on that basis there did exist at 31 December 2006 a financial situation which, under Section 40(1) of the Companies (Amendment) Act 1983, would require the convening of an extraordinary general meeting of the Company.

Emphasis of matter – Going concern

In forming our opinion, which is not qualified, we have considered the adequacy of the disclosures made in note 1(a) to the financial statements concerning the company's and the group's ability to continue as going concerns. The group incurred a net loss of U.S.\$191,116,000 during the year ended 31 December 2006 and, at that date, the company's and the group's total liabilities exceeded its total assets by U.S.\$319,000 and U.S.\$105,875,000, respectively. However, the directors believe that the company and the group are going concerns since, as set out in note 1(a), the principal creditor is the ultimate holding company, which has undertaken not to seek repayment of the amount due until the finances of the company permit.

St. Paul's House
Warwick Lane, London
EC4M 7BP



MOORE STEPHENS & CO

Registered Auditor
Chartered Accountants

28 February 2008

MOORE STEPHENS

Rosneft International Limited
Balance Sheets – 31 December 2006
(Expressed in U.S. dollars thousands)

	Note	Group 2006	2005	Company 2006	2005
Fixed assets					
Tangible fixed assets	6	59,681	40,035	-	-
Oil and gas expenditure	7	802,714	267,822	-	-
Investments	8	-	-	129	75
Other fixed assets	9	305,107	17,891	46,648	-
		<u>1,167,502</u>	<u>325,748</u>	<u>46,777</u>	<u>75</u>
Current assets					
Stocks	10	83,198	89,900	-	-
Investments	11	120,038	-	120,038	-
Debtors	12	269,296	119,013	114,536	111,401
Cash at bank and in hand	13	82,504	127,715	60,781	100,759
		<u>555,036</u>	<u>336,628</u>	<u>295,355</u>	<u>212,160</u>
Creditors, amounts falling due within one year					
Accounts payable	14	259,038	60,936	440	230
Short term loans	15	174,600	23,521	159,600	-
Short term element of finance agreement	16	3,701	3,701	-	-
		<u>437,339</u>	<u>88,158</u>	<u>160,040</u>	<u>230</u>
Net current assets		<u>117,697</u>	<u>248,470</u>	<u>135,315</u>	<u>211,930</u>
Total assets less current liabilities		<u>1,285,199</u>	<u>574,218</u>	<u>182,092</u>	<u>212,005</u>
Creditors, amounts falling due after one year					
Long term loans	15	1,376,243	473,166	182,411	212,809
Long term element of finance agreement	16	8,328	12,029	-	-
Investments	8	6,503	3,782	-	-
		<u>1,391,074</u>	<u>488,977</u>	<u>182,411</u>	<u>212,809</u>
Net (liabilities)/assets		<u>(105,875)</u>	<u>85,241</u>	<u>(319)</u>	<u>(804)</u>
Equity shareholder's funds					
Called up share capital	17	15	15	15	15
Profit and loss account	18	(105,890)	85,226	(334)	(819)
Shareholder's funds		<u>(105,875)</u>	<u>85,241</u>	<u>(319)</u>	<u>(804)</u>

The financial statements were approved by the Board on 25/1/2008 and signed on its behalf by

The notes on pages 10 to 30 form part of these financial statements.

Rosneft International Limited
Notes to Financial Statements - 31 December 2006
(Expressed in U.S. dollars thousands)

11. Investments

	Group		Company	
	2006	2005	2006	2005
At cost	120,000	-	120,000	-
Accrued interest	38	-	38	-
	<u>120,038</u>	<u>-</u>	<u>120,038</u>	<u>-</u>

Investments relates to short term investments made by Renaissance Capital Investment Management Limited on behalf of the Group to unquoted companies. These investments bear interest at 7% to 14% per annum.

As disclosed in note 1 (k), investments are valued at the lower of cost and market value. The market value of these investments at 31 December 2006 amounted to US\$123,525,411 based on the valuation performed by Renaissance Capital.

12. Debtors, falling due within one year

	Group		Company	
	2006	2005	2006	2005
Trade debtors	-	81,644	-	-
Other debtors and prepayments	12,039	2,796	-	-
Fixed assets prepayments	134,593	-	-	-
Tax receivable	-	19	-	-
Due from ultimate holding company	117,725	620	-	-
Due from related parties	4,939	33,934	-	48,563
Due from subsidiaries	-	-	114,536	62,838
Total debtors	<u>269,296</u>	<u>119,013</u>	<u>114,536</u>	<u>111,401</u>

Trade debtors relate to sale of oil by Trumpet Limited for Rosneft Oil. In 2006, Trumpet Limited operated on a prepayment basis for its customers and therefore there are no trade debtors at 31 December 2006.

Fixed assets prepayments relate to advance payments to suppliers for the construction of facilities at the Vankor and North Vankor oil fields totalling US\$241,329,019 (2005: US\$ nil), of which US\$106,735,870 is included in amount due from ultimate holding company.

Amounts due from related parties consist of balances due from subsidiary companies of JSC Rosneft Oil Company.